



AMTEL VREDESTEIN

NOTES TO THE AGENDA OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS 2006 OF THE LIMITED LIABILITY COMPANY: AMTEL-VREDESTEIN N.V., WITH ITS STATUTORY SEAT IN AMSTERDAM (THE "COMPANY"), TO BE HELD ON THE 26th DAY OF JUNE 2006 AT 2:00 P.M. AT HOTEL THE GRAND SOFITEL DEMEURE, OUDEZIJDEN VOORBURG 197, 1012 EX AMSTERDAM.

1. Opening of the meeting by the Chairman.

2. Report of the Supervisory Board and the Executive Board for the year 2005.

The Executive Board will give an explanation on the report of the Executive Board as included in the Annual Report for 2005. Persons entitled to attend the meeting will be given the opportunity to raise questions concerning the contents of both issues dealt with by the Supervisory Board and the Executive Board and other business related items that have occurred during the year 2005.

3. Financial statements 2005.

a. Adoption of the financial statements 2005.

With reference to the report of the Supervisory Board included in the 2005 Annual Report, the Supervisory Board proposes to adopt the financial statements as presented in the Annual Accounts 2005 and approved by the Supervisory Board on 30 May 2006.

b. Policy on allocation of profits and on dividend.

In the Netherlands, a Corporate Governance Code (the Code) became effective as of 1 January 2004. The Code is applicable to the Company as from its listing to the London Stock Exchange.

Pursuant to the Dutch Corporate Governance Code, an explanation is given on the policy on allocation of profits and on dividend. The Company did not pay dividends during the years 2002, 2003 and 2004 and does not expect to declare or pay any dividends for the foreseeable future. Instead, it will reinvest all net profits into its business and therefore it will in principle add such net profits to its reserves.

c. Discharge of the Executive Board.

It is proposed to release the (former) Members of the Executive Board from liability for their duties insofar as the exercise of such duties is reflected in the 2005 Annual Report and the 2005 Annual Accounts or otherwise disclosed to the Annual General Meeting of Shareholders prior to the adoption of the 2005 Annual Accounts.

d. Discharge of the Supervisory Board.

It is proposed to release the (former) Members of the Supervisory Board from liability for their duties insofar as the exercise of such duties is reflected in the 2005 Annual Report and the 2005 Annual Accounts or otherwise disclosed to the Annual General Meeting of Shareholders prior to the adoption of the 2005 Annual Accounts.

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4. Appointment of the auditor.

In compliance with article 37.1 of the Company's articles of association, KPMG Accountants N.V. has been instructed to audit the 2005 Annual Accounts, as prepared by the Executive Board, in accordance with the provisions of Article 393, paragraph 3, Book 2 of the Dutch Civil Code.

The Executive Board reviewed the audit work and the functioning of the external auditor and recommended to the Supervisory Board to appoint the auditor for auditing the Annual Accounts for 2006.

According to the recommendation of the Executive Board and the Supervisory Board, it is proposed to appoint KPMG Accountants N.V. as auditor for the year 2006.

5. Adoption of remuneration policy regarding the Executive Board.

In accordance with the Articles of Association, the remuneration of the Executive Board members is the responsibility of the Supervisory Board as a whole. Resolutions on the remuneration proposed by the Supervisory Board should be in line with the remuneration policy for Executive Board members as adopted by the General Meeting of Shareholders.

In summary, the remuneration policy, which comprises the following elements: base salary, annual cash bonus, share options/awards and benefits, is designed to provide competitive base salary and the opportunity to achieve significant rewards if the Company creates value for the shareholders.

The Supervisory Board has proposed for adoption the remuneration policy as included in the 2005 Annual Report (page 29).

In addition, as recognition for their efforts in bringing about the merger of the Company with Vredestein Banden B.V., the Supervisory Board has proposed to make share awards to the following members of the Executive Board and senior management:

Grantee	Number of Shares
Rob Oudshoorn	10,000
Ton Tholens	8,000
Kees Hettema	8,000
Alexander Lantushenko	5,000
Anatoly Volnov	5,000

The issuance of shares for these awards have been proposed by the Supervisory Board for approval by the General Meeting of Shareholders.

6. Adoption of remuneration of Members of the Supervisory Board.

The Supervisory Board decided to propose adjustments to the Supervisory Board remuneration in 2006 to the General Meeting of Shareholders. Previously, the Supervisory Board members

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received no compensation for their services as they were primarily representatives of Shareholders. Following the listing of the Company and based on the proposal of the Supervisory Board to nominate more independent members to the Supervisory Board, the Supervisory Board has proposed to the General Meeting of Shareholders to compensate members of the Supervisory Board as follows:

- (i) members – USD 50,000 for full year of service;
- (ii) vice chairman and each committee chair – USD 75,000 for full year of service;
- (iii) chairman – USD 100,000 for full year of service.

7. Composition of the Executive Board.

a. Resignation of Member of the Executive Board.

With effect from 1 February 2006, Mr. V. Nekrassov resigned from his position as Member of the Executive Board. The Company thanks Mr. Nekrassov for his services rendered and it is proposed to accept the honourable resignation of Mr. Nekrassov as Member of the Executive Board as from 1 February 2006.

b. Nomination for appointment and appointment to the Executive Board.

The Supervisory Board nominates Mr. S.Y. Bokhanov to the Annual Meeting of Shareholders for appointment as Member A of the Executive Board for a term of four years.

Mr. Bokhanov is currently director of sales and marketing of the Company's Russian operations. Mr. Bokhanov was born in 1971 and enjoyed a high professional education. He currently holds the following positions in the Amtel Group of Companies:

- Period: 2006 – date
Organization: OJSC “AMTEL-VREDESTEIN”
Office: The first deputy General director. COO. Member of Executive Board.
- Period: 2005 – till today
Organization: “AMTEL-CHERNOZEMIE” LLC
Office: Member of Supervisory Board
- Period: 2006 – till today
Organization: OJSC TC “AMTEL-CHERNOZEMIE”
Office: Member of Supervisory Board
- Period: 2005 – till today
Organization: OJSC TC “AMTEL-POVOLZHIE”
Office: Member of Supervisory Board
- Period: 2005 – till today
Organization: “KHIMVOLOKNO “AMTEL-KUZBASS” LLC
Office: Member of Supervisory Board
- Period: 2005 – till today
Organization: “AV-TO” OJSC
Office: Member of Supervisory Board

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The Supervisory Board believes given the nature of the Company's business it is essential to have at least two members of the Executive Board who are familiar with the Company's Russian business units.

The contract of Mr. Bokhanov with the Company is currently being negotiated and will be concluded as soon as possible after his appointment. In accordance with the Code, the main elements of such contract shall be disclosed forthwith after it has been concluded. Mr. Bokhanov has a previously existing share option agreement with the Company as described in the Company's Remuneration Policy.

8. Composition of the Supervisory Board.

a. Resignation of Members of the Supervisory Board.

Messrs. M. Mobius, R. Vardanian, B. Bakal, G. van Beek and D.M. Wack resigned from their position as Member of the Supervisory Board with effect from 25 November 2005, 31 December 2005, 25 April 2006, 26 April 2006 and 31 May 2006 respectively. The Company thanks Messrs. Mobius, Vardanian, Bakal, Van Beek and Wack for their services rendered and it is proposed to accept the honourable resignation of Messrs. Mobius, Vardanian, Bakal, Van Beek and Wack as Member of the Supervisory Board as from the respective date.

b. Nomination for appointment and appointment to the Supervisory Board.

The Supervisory Board nominates Mr. H. Pandza to the Annual Meeting of Shareholders for appointment as Member of the Supervisory Board for a term of four years. The Supervisory Board is of the opinion that Mr. Pandza fully fits the profile of the Supervisory Board and meets all requirements for the role.

Mr. Pandza, age 57, has spent his career in investment and commercial banking and brings extensive financial and management experience to the Company. Most recently he worked at the European Bank for Reconstruction and Development (EBRD), as the Business Group Director for the Russia & Central Asia Business Group and the Group for Small Business. Previously, he worked for over 25 years at various posts in Deutsche Bank, holding the post of CEO of Deutsche Bank Moscow. Mr. Pandza holds Masters of Science in International Economic Relations from the University of Saarland and completed Advanced Management Programme at INSEAD in 1996. Mr. Pandza does not hold shares in the Company. His biography is placed on the Company's website and will be made available to shareholders at their request.

9. Proposal to amend the terms of office of the Members of the Executive Board and the Supervisory Board.

Pursuant to Best Practice Provision II.1.1 of the Code, a Member of the Executive Board is appointed for a maximum period of four years and may be reappointed for a term of not more than four years at a time. Furthermore, Best Practice Provision III.3.5 of the Code provides that a person may be appointed to the Supervisory Board for a maximum of three 4-year terms. It is proposed, with the approval of the Supervisory Board, to amend the articles of association of the Company accordingly (see also agenda item 11).

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The current Members of the Executive Board (Messrs. A. Gurin, A.W. Tholens and R.H. Oudshoorn) and the Supervisory Board (Messrs. S. Gupta, T. Chaudri, P.D. Gualtieri, D. Gupta and M. Ignatiev) have been appointed for an indefinite period of time. With a view to compliance with the Code, they have indicated to accept a term limit of four years.

It is proposed to amend the terms of office of the Members of the Executive Board and the Supervisory Board to the effect that they shall have a term limit of four years ending on 25 June 2010.

10. Corporate Governance.

The Executive Board, supported by the Supervisory Board, is focused on implementing provisions of the Code so as to provide shareholders with transparent and reliable management. For this reason, the Executive Board and the Supervisory Board shall submit information regarding the corporate governance structure of the Company to the 2006 Annual General Meeting of Shareholders for discussion and shall ask the shareholders' approval of any deviations from the Code and amendments to the Company's articles of association necessary for implementation of certain provisions of the Code (see also agenda item 11). Reference is made to a section on corporate governance in the 2005 Annual Report to inform the shareholders on the status of and future developments with respect to implementation of the Code and provide an explanation on any deviations from the Code.

As the Code only applied to the Company as from its listing, the process of developing, approving and implementing various best practice provisions of the Code is still on-going and it will take some time to fully implement.

It is proposed to approve the deviations from the Code appearing from the corporate governance section included in the 2005 Annual Report.

11. Amendments to the articles of association of the Company.

The proposed amendments to the articles of association of the Company concern the following:

- Change of the registered office of the Company to Enschede.
- Inclusion of certain provisions in connection with the admission of shares in the capital of the Company into the securities giro in accordance with the Securities Giro Act.
- Inclusion of certain provisions in connection with the listing to the London Stock Exchange of global depository receipts representing ordinary shares in the share capital of the Company.
- Changes to the corporate governance of the Company necessary for implementation of certain Best Practice Provisions of the Code.
- Deletion of the possibility to issue and any reference to ((convertible) non-participating cumulative) preferred shares in the articles of association of the Company.

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- Introduction of (a) the possibility for the Executive Board to undertake legal transactions as defined in Article 94, Book 2 of the Dutch Civil Code without prior approval from the General Meeting of Shareholders (proposed article 8.8), (b) revised provisions regarding representation of the Company in the event of quality conflict of interests (proposed article 16.2) and (c) certain majorities and quora for certain material shareholders' resolutions

(merger, demerger, dissolution and amendment to the articles of association) (proposed article 34.1).

It is proposed to (i) amend the articles of association of the Company in accordance with the draft articles of association as deposited at the offices of the Company for inspection and made available free of charge to holders of meeting rights until the end of the 2006 Annual General Meeting of Shareholders and (ii) appoint each (notarial) employee of Buren van Velzen Guelen N.V., lawyers, civil law notaries and tax lawyers at The Hague (The Netherlands) to execute the notarial deed of amendment to the articles of association, to apply for the declaration of no objection with the Ministry of Justice and to make such amendments in the draft as shall be necessary in order to obtain the approval of the Ministry of Justice, as well as to register such amendments with the trade register.

12. Authorisation of the Executive Board to acquire shares in the capital of the Company.

It is proposed to give the Executive Board the flexibility to acquire shares in the Company to cover obligations under share-based compensation plans or otherwise. It also allows the Executive Board to repurchase shares if this is deemed appropriate. The proposal is made in accordance with Article 98, paragraph 4, Book 2 of the Dutch Civil Code. The number of shares that may be acquired is limited by the maximum number of shares that the Company, together with its affiliate companies, may hold at any moment. The Company, together with its affiliate companies, is allowed to hold a maximum of 10% of the issued shares in the Company.

13. Questions before closure of the meeting.

Discussion.

14. Closing.

Enschede, the 9th day of June 2006

Amtel-Vredestein N.V.

The Executive Board

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